

DBEDT
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STATE OF HAWAII



QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary December 2001

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before December 19, 2001.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire *QSER* had been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser.html> and a *QSER Executive Summary* at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division's Business Resource Center at (808) 586-2424.

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STATE OF THE ECONOMY

The third quarter of 2001 began with Hawaii's economy growing more slowly in response to recession conditions on the U.S. mainland and in Japan. The third quarter ended with visitor arrivals down more than 30 percent and unemployment increasing as a result of the attacks of September 11th. The negative conditions were moderated by continued consumer spending, federal government spending, and construction activity.

In the third quarter of 2001, Hawaii's civilian employment exhibited a moderate increase over the previous quarter and over the third quarter of 2000. It was the tenth straight quarter that civilian employment increased. The number of civilians unemployed rose significantly, but the unemployment rate held relatively steady.

Non-agricultural wage and salary jobs increased by .7 percent measured year-to-year for the third quarter (Table A-5). The retail trade sector and the services sector produced much of the job growth in the private sector with increases of 1,700 and 800 jobs respectively over the third quarter of 2000 (Tables A-11 and A-14).

Personal income rose 4.1 percent in the second quarter of 2001, the period for which the most recent data are available, compared to the second quarter of 2000 (Table B-2). Wage and salary growth was particularly strong. Wages and salaries rose by over 900 million dollars or 4.8 percent in the second quarter of 2001 (Table B-3). Other labor income rose by 4.9 percent (Table B-4) and proprietors' income grew by 3.3 percent in the second quarter of 2001 compared to the second quarter of 2000 (Table B-5).

State general fund tax revenue grew by 1.9 percent from the third quarter of 2000 to the third quarter of 2001 (Table C-1). This growth is measured from the record annual collections of over \$3 billion in 2000. GET revenue expanded by 1.5 percent (Table C-3) and net individual income tax revenue grew by 1.2 percent (Table C-4). Transient Accommodations Tax (TAT) revenue grew by 7.0 percent in the third quarter (Table C-13).

The number of visitor arriving by air decreased by 9.7 percent from the third quarter of 2000 to the third quarter of 2001 (Table D-2). This was the largest quarterly decline in total visitor arrivals since the first quarter of 1991. Average daily census was down by 6.7 percent (Table D-8) and hotel occupancy rates also dropped, decreasing from 78.0 percent in the third quarter of 2000 to 70.6 percent in the third quarter of 2001 (Table D-11).

Construction industry activity in the third quarter decreased slightly from last year's third quarter level. Both the contracting tax base (a measure of construction put in place) and government contracts awarded are down from one year ago. The contracting tax base decreased by .2 percent (Table E-1). Construction jobs declined 3.1 percent from the third quarter of 2000 to the third quarter of 2001 (Table 1).

Hawaii bankruptcy filings increased by almost 200 or by 19.7 percent in the third quarter 2001 compared to the third quarter of 2000 (Table F-1). The increase is similar to the increase in filings for the nation as a whole. U.S. bankruptcy filings increased 16 percent.

OUTLOOK OF THE ECONOMY

Prior to the September 11th attacks, DBEDT was expecting a strong second half to produce a modest gain in overall visitor arrivals for 2001. While the U.S. and International economic environment deteriorated during the first half of the year, continued strength in local economic activity resulted in only modest slowing in Hawaii's economic indicators. By late summer Hawaii's economy was showing some renewed strength.

Three months after September 11, economic forecasts remain tenuous. At best, forecasts must assume that military and domestic security issues will continue to be addressed effectively and will not retard the economic recovery. Even then, there is uncertainty about how fast consumers and businesses will return to pre-September 11th spending plans and consumption patterns, including air travel.

Hawaii's recovery is closely tied to its visitor markets and the U. S. and international economic performance. The events of September 11th have increased the seriousness of the otherwise shallow recession that has stalled the national economy since the spring of 2001. U.S. Real Gross Domestic Product (GDP) declined at a sharp 1.1 percent annual rate in the third quarter of 2001. The fourth quarter is also expected to show a decline in real GDP. However, the Blue Chip Economic Forecast, which is based on an average of 50 major U.S. forecasts, anticipates 1.1 percent growth in GDP in 2002.

Japan, on the other hand, appears to be facing a sharper and longer decline. Japan's GDP declined at a 2.2 percent annual rate in the third quarter of 2001. For 2002, the Blue Chip forecast expects Japan's

economy to show a 0.7 percent decline in GDP.

In the absence of any new shocks to the confidence of travelers, visitor counts should improve considerably in 2003. However, it could be mid 2003 before visitor arrivals are back to pre-September 11th levels.

Total wage and salary jobs in the state were expected to increase nearly 2 percent in 2001, but layoffs in the last 3 ½ months of the year are now expected to reduce the gain to just 0.4 percent. After inflation, the real gain in State Personal Income and Gross State Product (GSP) will also be positive for 2001, despite the fourth quarter declines. Real Personal Income is forecast to show a 2.0 percent increase for the year, while real GSP is expected to increase by 1.2 percent.

If the impact of international events and domestic security concerns remains relatively neutral, DBEDT expects Hawaii to show a 3.0 percent gain in visitor arrivals for 2002, but the gain will not be enough to make up for visitor arrivals lost in 2001. Therefore, job count will likely experience a modest decline of about 0.7 percent in 2002.

The forecast expects all sectors of the state's economy to attain pre-September 11th levels or better by the second half of 2003. Increasing strength in the state's visitor markets is expected to boost arrivals by about 6.7 percent in 2003 and bring the total visitor count for the year back up to the year 2000 level. This will help the overall job count manage a 2.0 percent increase for 2003. The economy should then be poised for better than average growth in 2004.

ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII: 2000 TO 2004

<i>Economic Indicators</i>	<i>2000 (Actual)</i>	<i>2001 (Forecast)</i>	<i>2002 (Forecast)</i>	<i>2003 (Forecast)</i>	<i>2004 (Forecast)</i>
Total population (thousands)	1,216.4	1,226.1	1,235.9	1,244.6	1,253.3
Visitor arrivals (thousands)	6,948.6	6,321.4	6,510.9	6,949.1	7,120.4
Visitor expenditures (million dollars)	10,918.1	10,022.8	10,313.5	11,200.4	11,693.3
Honolulu CPI-U (1982-84=100)	176.3	178.6	180.9	184.0	187.5
Personal income (million dollars)	33,776.0	34,789.3	35,485.1	36,798.0	38,233.1
Personal income (\$1992 million)	29,745.0	30,251.8	30,463.6	31,072.9	31,684.4
Total wage & salary jobs (in thousands)	559.4	561.9	557.9	569.1	580.4
Gross state product (million dollars)	39,394.3	40,376.6	41,130.0	42,564.4	44,217.7
Real gross state product (\$1992 million)	35,142.1	35,556.2	35,754.8	36,383.2	37,091.7
Gross state product deflator (1992=100)	112.1	113.6	115.0	117.0	119.2
Annual Percentage Change					
Total population (thousands)	(NA)	0.8	0.8	0.7	0.7
Visitor arrivals (thousands)	3.1	-9.0	3.0	6.7	2.5
Visitor expenditures (million dollars)	6.2	-8.2	2.9	8.6	4.4
Honolulu CPI-U (1982-84=100)	1.7	1.3	1.3	1.7	1.9
Personal income (million dollars)	4.1	3.3	2.0	3.7	3.9
Personal income (\$1992 million)	2.4	2.0	0.7	2.0	2.0
Total wage & salary jobs (thousands)	3.1	0.4	-0.7	2.0	2.0
Gross state product (million dollars)	5.3	2.5	1.9	3.5	3.9
Real gross state product (\$1992 million)	3.7	1.2	0.6	1.8	1.9
Gross state product deflator (1992=100)	1.5	1.3	1.2	1.7	1.9

NA Not available.

Source: Hawaii State Department of Business, Economic Development and Tourism, dbedt e-reports *Economic Situation Update* (Update: December 19, 2001), December 2001.

COUNTY ECONOMIC CONDITIONS

The economies of all the counties continued to grow during the third quarter of 2001, but at a slower rate than in 2000. Indications of this continued growth are found in the figures for labor force, jobs and general excise tax revenues. Visitor arrival and hotel occupancy numbers were down for all islands.

The civilian labor force increased in all counties during the third quarter of 2001 compared to the year-earlier quarter. Maui County had the highest rate of growth at 3.5 percent (Table 4), followed by Honolulu County (2.2 percent, Table 2), Hawaii County (1.3 percent, Table 4), and Kauai County (1.2 percent, Table 5).

In all four counties, both civilian employment and unemployment grew in the third quarter of 2001. Maui County grew most rapidly in both categories. Maui's civilian employment was up 3.2 percent and the number of unemployed increased 11.7 percent. Honolulu followed with a 1.9 percent increase in employment and a 10.5 percent increase in the number of unemployed. In Hawaii County, civilian employment rose 1.3 percent and the number of laborers unemployed increased 1.0 percent. Kauai County saw an increase in civilian employment of .9 percent). The number of people unemployed on Kauai rose 5.1 percent over the third quarter of 2000.

Non-agricultural wage and salary jobs expanded in all counties. Maui County led the growth with an increase of 2.2 percent. Honolulu County's non-agricultural job count grew by .5 percent, Hawaii County's increased by .6 percent and Kauai County non-agricultural jobs expanded by .4 percent.

Third quarter private non-agricultural wage and salary job growth in Honolulu

County was lead by retail trade and business services. Honolulu also saw the addition of 1,600 jobs in the State government sector. Construction dropped by over 1,000 jobs.

Hawaii County job growth was again high in construction which increased almost 400 jobs or 14.8 percent. Finance, insurance and real estate and State government each added more than 100 jobs. Several other sectors lost jobs, however, led by agriculture which declined by 13.8 percent or 400 jobs.

Maui County's third quarter job growth came largely from the 7.2 percent job growth in retail trade which added 1,100 jobs. There was also strong growth in health services; transportation, communication, and utilities; and State government jobs. Agricultural jobs also increased by 5.0 percent over the third quarter of 2000.

Most of Kauai County's non-agricultural job growth also came from retail trade (1.4 percent), State government (2.0 percent) and local government (4.5 percent). The reported change in Kauai's agricultural sector (-20.0 percent) is still showing the effect of shutting down Lihue Plantation in November 2000.

Visitor arrivals dropped in all counties during the third quarter. Arrivals declined the most in Maui County (-10.9 percent) and declined the least in Hawaii County (-7.1 percent).

General excise tax revenues were up in all counties for the third quarter, most notably up 12.8 percent on Hawaii. Honolulu GET revenues were up .2 percent, Maui County GET revenues were up 3.6 percent, and Kauai revenues were up 5.4 percent.

Table 1. 2001 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII

SERIES	UNIT	3rd QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	608,950	2.2	604,150	1.6
Civilian employment	Persons	581,050	1.9	577,350	1.6
Civilian unemployment	Persons	27,900	8.3	26,800	1.5
Unemployment rate 2/	%	4.6	0.3	4.4	0.0
Total non-agric. wage & salary jobs 1/	Jobs	553,800	0.7	557,800	1.7
Contract construction	Jobs	23,550	-3.1	23,550	0.9
Manufacturing	Jobs	17,700	1.1	17,450	1.7
Transport., comm., utilities	Jobs	42,750	0.0	42,900	1.8
Trade	Jobs	139,150	1.2	139,150	2.4
Retail	Jobs	117,550	1.5	117,350	2.6
Finance, insur., & real estate	Jobs	33,700	1.0	33,700	0.7
Services & miscellaneous	Jobs	185,900	0.4	186,900	2.6
Hotels	Jobs	38,600	-0.1	38,750	1.4
Health	Jobs	37,300	0.9	37,350	2.2
Business	Jobs	31,250	0.8	31,300	4.2
Government	Jobs	111,100	1.2	114,200	0.1
Federal	Jobs	30,650	-1.0	30,500	-1.9
State	Jobs	63,300	3.2	66,950	1.1
Local	Jobs	17,150	-1.7	16,700	-0.3
Agriculture wage & salary jobs 1/	Jobs	7,550	-7.4	7,150	-10.1
State general fund revenues	\$1,000	789,188	1.9	2,432,629	4.5
General excise and use tax revenues	\$1,000	406,543	1.5	1,251,231	2.8
Income-individual	\$1,000	289,423	1.2	839,568	3.4
Declaration of estimated taxes	\$1,000	41,144	-3.8	194,600	1.5
Payment with returns	\$1,000	8,373	-12.7	94,758	11.6
Withholding tax on wages	\$1,000	259,321	2.7	776,777	2.4
Refunds	\$1,000	19,415	2.2	226,568	1.2
Transient accommodations tax	\$1,000	44,900	7.0	138,552	3.6
Visitor arrivals by air 3/	Persons	1,642,014	-9.7	5,051,064	-4.3
Domestic flight visitors	Persons	1,083,222	-6.6	3,292,669	-3.0
International flight visitors	Persons	558,792	-15.2	1,758,395	-6.6
Hotel occupancy rates 2/	%	70.6	-7.4	73.7	-3.2

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by
Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2001 SELECTED ECONOMIC ACTIVITIES:
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	3rd QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	431,400	2.2	429,350	1.6
Civilian employment	Persons	414,050	1.9	412,950	1.7
Civilian unemployment	Persons	17,400	10.5	16,450	0.6
Unemployment rate 2/	%	4.0	0.3	3.8	0.0
Total non-agric. wage & salary jobs 1/	Jobs	411,800	0.5	415,800	1.6
Contract construction	Jobs	16,550	-6.5	16,950	0.0
Manufacturing	Jobs	13,800	1.8	13,600	1.9
Transport., comm., utilities	Jobs	33,550	0.0	33,750	2.1
Trade	Jobs	100,100	0.8	99,950	1.7
Retail	Jobs	82,700	1.0	82,400	1.8
Finance, insur., & real estate	Jobs	26,900	0.6	26,850	0.2
Services & miscellaneous	Jobs	132,600	0.5	133,450	3.0
Hotels	Jobs	16,500	-1.2	16,600	0.9
Health	Jobs	30,150	0.8	30,200	1.9
Business	Jobs	26,450	2.3	26,400	5.2
Government	Jobs	88,300	1.3	91,200	0.1
Federal	Jobs	28,700	-1.0	28,600	-1.4
State	Jobs	47,900	3.5	51,200	1.0
Local	Jobs	11,650	-2.1	11,400	-0.4
Agriculture wage & salary jobs 1/	Jobs	2,150	-4.4	2,100	-8.7
General excise and use tax revenues	\$1,000	330,229	0.2	1,020,461	2.2
Income-individual	\$1,000	250,228	1.2	726,536	3.2
Declaration of estimated taxes	\$1,000	30,599	-2.9	143,789	3.6
Payment with returns	\$1,000	6,183	-16.1	71,042	9.3
Withholding tax on wages	\$1,000	227,477	2.5	681,276	1.9
Refunds	\$1,000	14,031	2.6	169,570	0.9
Transient accommodations tax	\$1,000	33,583	9.9	104,112	6.1
Visitor arrivals by air 3/	Persons	1,125,861	-9.6	3,442,033	-3.9
Domestic flight visitors	Persons	617,868	-5.8	1,851,830	-2.1
International flight visitors	Persons	507,992	-13.8	1,590,202	-5.8
Hotel occupancy rates 2/	%	69.6	-7.6	73.3	-2.8

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 3. 2001 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY

SERIES	UNIT	3rd QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	71,550	1.3	71,050	1.1
Civilian employment	Persons	66,450	1.3	66,050	1.1
Civilian unemployment	Persons	5,100	1.0	5,000	3.1
Unemployment rate 2/	%	7.1	0.0	7.0	0.1
Total non-agric. wage & salary jobs 1/	Jobs	53,750	0.6	54,250	1.9
Contract construction	Jobs	3,100	14.8	2,900	7.4
Manufacturing	Jobs	1,550	-3.1	1,600	0.0
Transport., comm., utilities	Jobs	2,800	-5.1	2,850	0.0
Trade	Jobs	13,600	-1.4	13,800	0.7
Retail	Jobs	11,400	-2.1	11,600	0.4
Finance, insur., & real estate	Jobs	2,550	2.0	2,650	6.0
Services & miscellaneous	Jobs	19,400	0.8	19,500	2.6
Hotels	Jobs	6,800	0.7	6,900	1.5
Health	Jobs	3,050	-3.2	3,150	3.3
Business	Jobs	2,000	-7.0	2,000	-2.4
Government	Jobs	10,700	0.5	10,950	0.5
Federal	Jobs	950	-5.0	950	-9.5
State	Jobs	7,450	2.1	7,700	1.3
Local	Jobs	2,300	-2.1	2,250	-2.2
Agriculture wage & salary jobs 1/	Jobs	2,500	-13.8	2,350	-11.3
General excise and use tax revenues	\$1,000	29,046	12.8	89,002	8.5
Income-individual	\$1,000	16,130	4.3	48,038	9.9
Declaration of estimated taxes	\$1,000	4,195	6.2	20,156	2.4
Payment with returns	\$1,000	742	-17.1	9,313	10.1
Withholding tax on wages	\$1,000	13,225	5.2	39,901	9.0
Refunds	\$1,000	2,032	4.0	21,332	1.4
Transient accommodations tax	\$1,000	2,673	3.5	8,540	3.2
Visitor arrivals by air 3/	Persons	302,753	-7.1	935,331	-3.6
Domestic flight visitors	Persons	220,393	-5.4	673,692	-4.7
International flight visitors	Persons	82,360	-11.5	261,639	-0.8
Hotel occupancy rates 2/	%	64.7	-9.1	68.3	-3.9

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 4. 2001 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY

SERIES	UNIT	3rd QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	75,950	3.5	74,000	2.0
Civilian employment	Persons	72,600	3.2	70,800	2.1
Civilian unemployment	Persons	3,350	11.7	3,200	0.0
Unemployment rate 2/	%	4.4	0.3	4.3	-0.1
Total non-agric. wage & salary jobs 1/	Jobs	62,500	2.2	62,050	2.7
Contract construction	Jobs	2,800	-1.8	2,650	0.0
Manufacturing	Jobs	1,850	0.0	1,800	2.9
Transport., comm., utilities	Jobs	4,600	2.2	4,500	0.0
Trade	Jobs	17,800	5.6	17,750	7.3
Retail	Jobs	16,400	7.2	16,250	8.3
Finance, insur., & real estate	Jobs	3,100	3.3	3,050	1.7
Services & miscellaneous	Jobs	24,350	0.2	24,400	1.5
Hotels	Jobs	11,550	0.4	11,550	1.8
Health	Jobs	2,550	6.3	2,500	4.2
Business	Jobs	2,250	-6.3	2,350	2.2
Government	Jobs	7,950	1.9	7,900	0.6
Federal	Jobs	550	-8.3	550	-15.4
State	Jobs	5,350	2.9	5,400	1.9
Local	Jobs	2,050	-2.4	1,950	0.0
Agriculture wage & salary jobs 1/	Jobs	2,100	5.0	2,000	2.6
General excise and use tax revenues	\$1,000	34,862	3.6	105,572	2.6
Income-individual	\$1,000	16,811	-0.6	46,224	-2.0
Declaration of estimated taxes	\$1,000	4,680	-11.1	22,206	-10.0
Payment with returns	\$1,000	1,019	7.4	8,859	16.6
Withholding tax on wages	\$1,000	13,620	4.2	40,912	3.3
Refunds	\$1,000	2,508	6.0	25,753	4.2
Transient accommodations tax	\$1,000	6,408	-9.0	20,046	-10.9
Visitor arrivals by air 3/	Persons	531,336	-10.9	1,674,384	-5.0
Domestic flight visitors	Persons	434,457	-9.6	1,323,835	-6.4
International flight visitors	Persons	96,879	-16.3	350,549	0.6
Hotel occupancy rates 2/ 4/	%	74.0	-8.3	77.9	-4.9

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary. County-level data not yet revised

4/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by
Hawaii State Department of Business, Economic Development & Tourism.

Table 5. 2001 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY

SERIES	UNIT	3rd QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	30,050	1.2	29,700	0.7
Civilian employment	Persons	28,000	0.9	27,600	0.0
Civilian unemployment	Persons	2,050	5.1	2,150	10.3
Unemployment rate 2/	%	6.8	0.3	7.2	0.6
Total non-agric. wage & salary jobs 1/	Jobs	25,750	0.4	25,750	1.2
Contract construction	Jobs	1,050	0.0	1,050	5.0
Manufacturing	Jobs	450	-10.0	450	-10.0
Transport., comm., utilities	Jobs	1,800	2.9	1,800	2.9
Trade	Jobs	7,600	0.7	7,650	3.4
Retail	Jobs	7,100	1.4	7,100	3.6
Finance, insur., & real estate	Jobs	1,100	0.0	1,100	-4.3
Services & miscellaneous	Jobs	9,600	0.0	9,550	0.0
Hotels	Jobs	3,750	1.4	3,700	0.0
Health	Jobs	1,500	0.0	1,500	3.4
Business	Jobs	550	-8.3	500	-16.7
Government	Jobs	4,100	1.2	4,100	0.0
Federal	Jobs	400	-11.1	400	-11.1
State	Jobs	2,550	2.0	2,650	1.9
Local	Jobs	1,150	4.5	1,100	4.8
Agriculture wage & salary jobs 1/	Jobs	800	-20.0	750	-25.0
General excise and use tax revenues	\$1,000	12,407	5.4	36,196	9.9
Income-individual	\$1,000	6,255	-3.1	18,769	11.9
Declaration estimated taxes	\$1,000	1,672	-19.0	8,450	-2.2
Payment with returns	\$1,000	429	11.5	5,546	45.1
With holding tax on wages	\$1,000	4,999	-0.2	14,687	2.0
Refunds	\$1,000	845	-15.8	9,913	-1.7
Transient accommodations tax	\$1,000	2,237	27.4	5,854	19.7
Visitor arrivals by air 3/	Persons	265,467	-8.1	791,779	-3.8
Domestic flight visitors	Persons	225,396	-6.4	650,278	-4.5
International flight visitors	Persons	40,071	-16.2	141,501	-0.6
Hotel occupancy rates 2/	%	75.9	-1.4	73.0	-3.1

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

A. LABOR FORCE AND JOBS

In the third quarter of 2001, Hawaii's civilian employment exhibited a moderate increase over the previous quarter and over the third quarter of 2000. It was the tenth straight quarter that civilian employment increased. The number of civilians unemployed rose significantly, but the unemployment rate held relatively steady.

Increases in both employment and unemployment were made possible by continued growth in the available labor force to an all-time high of 608,950. Compared to the third quarter of 2000, the civilian labor force rose 2.2 percent (Table A-1). This follows the 1.3 percent second quarter 2001 year-to-year increase that was then the fastest labor force increase since 1996.

Civilian employment increased 1.9 percent from the third quarter 2000 through the third quarter of 2001 (Table A-2). The number of unemployed increased by 2,150 or 8.3 percent over the same period in 2000 (Table A-3). However, the unemployment rate declined from 4.6 percent to 4.5 percent (Table A-4). This seeming anomaly results from the labor force increasing more than unemployment.

Non-agricultural wage and salary jobs increased by .7 percent measured year-to-year for the third quarter (Table A-5). The retail trade sector and the services sector produced much of the job growth in the private sector with increases of 1,700 and 800 jobs

respectively over the third quarter of 2000 (Tables A-11 and A-14). These increases amounted to 1.5 percent and .4 percent increases. Retail trade set a new third quarter record for employment, 117,550 jobs.

A number of other industries also showed positive job growth in the third quarter of 2001 compared to the same period in 2000. Jobs increased in manufacturing (1.1 percent, Table A-7) to reach the highest level since 1994. Jobs also increased in transportation (.3 percent, Table A-8); utilities (1.5 percent, Table A-10); and finance, insurance and real estate (1.0 percent, Table A-13).

On the other hand, jobs declined in construction (-3.1 percent, Table A-6); communications (-2.3 percent, Table A-9); wholesale trade (-.2, Table A-12); and agriculture (-7.4 percent, Table A-19).

Total government jobs increased by 1.2 percent in the third quarter of 2001. Federal government jobs fell 1.0 percent from the third quarter of 2000 (Table A-16) and local government jobs decreased 1.7 percent (Table A-18). State government jobs increased the most of any sector from the third quarter of 2000 both in number, 1,950, and in percent, 3.2 (Table A-17). The Department of Education accounted for 77 percent of the State jobs increase.

B. INCOME AND PRICES

Personal income continued to grow at a high rate during the second quarter of 2001 (the period for which the latest data are available). Wages and salaries, other labor income, transfer payments, and proprietors' income showed substantial increases. Growth was more moderate for dividends, interest, and rent. All industries except finance, insurance, and real estate saw increases in earnings during the period (Table B-1).

Personal income rose 4.1 percent in the second quarter of 2001 compared to the second quarter of 2000 (Table B-2). Wage and salary growth was particularly strong. Wages and salaries rose by over 900 million dollars or 4.8 percent in the second quarter of 2001 (Table B-3). Wages and salaries account for about 57 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, rose by 4.9 percent in the second quarter of 2001 compared to 2000 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity, grew by 3.3 percent in the second quarter of 2001 compared to the second quarter of 2000 (Table B-5).

The other two personal income components also increased. Dividends, interest, and rent rose by 1.0 percent in the second quarter of 2001 (Table B-6). Transfer payments, consisting largely of retirement and medical payments, grew by 5.8 percent for the quarter (Table B-7).

Private sector earnings increased across almost all industries. In dollar terms, the largest increases came in services followed by transport and public utilities; retail trade; manufacturing; and construction (Table B-1). Earnings declined in finance, insurance and real estate. Earnings in manufacturing grew 16.9 percent which was the highest percentage of any industry. Earnings increased by 3.3 percent in the public sector, entirely as a result of the 5.6 percent increase in the federal component.

These robust increases in personal income are all the more significant, since inflation in Hawaii remains low. The Honolulu consumer price index rose by only 1.3 percent in the first half of 2001 compared to the same period in 2000 (Table B-9). This was lower than was expected for Honolulu and also much lower than the 3.4 percent inflation experienced on the Mainland during the period.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 1999	Second Quarter 2000	Annual average 2000	First Quarter 2001	Second Quarter 2001	To Second Quarter 2001 From		Annual average 2000 from 1999
						Second Quarter 2000	First Quarter 2001	
PERSONAL INCOME	32,450	33,708	33,776	34,837	35,106	4.1	0.8	4.1
Earnings By Place of Work	23,574	24,614	24,662	25,532	25,767	4.7	0.9	4.6
Wage and salary disbursements	18,277	19,228	19,254	19,963	20,158	4.8	1.0	5.3
Other labor income	2,749	2,772	2,799	2,900	2,908	4.9	0.3	1.8
Proprietors' income	2,548	2,614	2,609	2,669	2,701	3.3	1.2	2.4
Farm proprietors' income	28	11	10	24	28	154.5	16.7	-63.1
Nonfarm proprietors' income	2,520	2,603	2,599	2,645	2,673	2.7	1.1	3.1
Dividends, interest, and rent	6,261	6,378	6,389	6,447	6,440	1.0	-0.1	2.0
Transfer payments	3,928	4,081	4,089	4,271	4,319	5.8	1.1	8.7
Less: Pers. cont. for social insur.	1,312	1,366	1,365	1,412	1,420	4.0	0.6	4.0
Earnings By Industry	23,573	24,614	24,663	25,532	25,767	4.7	0.9	4.6
Farm Earnings	217	201	200	217	226	12.4	4.1	-7.8
Nonfarm Earnings	23,356	24,413	24,463	25,315	25,541	4.6	0.9	4.7
Private Earnings	16,195	17,158	17,181	17,862	18,045	5.2	1.0	6.1
Ag. serv., forestry, fishing & oth	141	149	150	151	153	2.7	1.3	6.2
Mining	25	26	26	27	28	7.7	3.7	6.1
Construction	1,316	1,448	1,471	1,558	1,541	6.4	-1.1	11.8
Manufacturing	714	750	756	851	877	16.9	3.1	6.0
Transport. and public utilities	1,840	1,903	1,936	2,067	2,061	8.3	-0.3	5.2
Wholesale trade	835	864	871	908	920	6.5	1.3	4.3
Retail trade	2,623	2,745	2,762	2,847	2,880	4.9	1.2	5.3
Finance, insur., and real estate	1,962	2,003	1,964	1,914	1,965	-1.9	2.7	0.1
Services	6,739	7,270	7,246	7,538	7,621	4.8	1.1	7.5
Gov't and gov't enterprises	7,162	7,256	7,282	7,453	7,496	3.3	0.6	1.7
Federal	4,130	4,291	4,342	4,526	4,533	5.6	0.2	5.1
Federal, civilian	1,836	1,950	1,960	2,041	2,057	5.5	0.8	6.8
Military	2,294	2,341	2,382	2,485	2,476	5.8	-0.4	3.8
State and local	3,032	2,965	2,940	2,927	2,964	0.0	1.3	-3.0

Source data for 1998 Q1 through 2001 Q1 and annual averages 1998-2000 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, October 24, 2001, <<http://www.bea.doc.gov/bea/regional/sq/>> and tabulations by the Hawaii State Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,
ALL URBAN CONSUMERS (CPI-U)
[1982-84=100]**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	2/ 170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2/ 3.0	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
1995H1	2/ 2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2/ 2.7	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	2/ 3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ Revised.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

BLS Public Access: <<http://146.142.4.24/labjava/outside.jsp?survey=cu>>, accessed August 16, 2001.

BLS Hono CPI News Releases, <<http://stats.bls.gov/special.requests/sanfrancisco/cpihono.htm>>, accessed August 16, 2001.

C. TAX REVENUES

Third-quarter State general fund tax revenue continued to grow, but at a lower rate of growth than that experienced in 2000 and at a lower rate than the first two quarters of 2001. Growth occurred in both major revenue-producing categories: general excise tax and individual income tax receipts. Net corporate income tax receipts also increased from the third quarter of 2000.

State general fund tax revenue grew by 1.9 percent from the third quarter of 2000 to the third quarter of 2001 (Tables C-1 and C-2). This growth is measured from the record annual collections of over \$3 billion in 2000. While third quarter collections are up, the September figure is down 1.4 percent from the amount accrued in the previous September (Revenue Trends – Sept. 2001, Hawaii DoTax Monthly Report Archive). While it is true that the September tax revenue figure is related to economic activity in August, it initiated the downward trend which the Council on Revenues (COR) has predicted will continue. In October, the COR revised its forecast for the fiscal year downward from an increase of 4.1 percent to a decline of .7 percent (Revenue Trends – Oct. 2001, Hawaii DoTax Monthly Report).

Growth in tax revenues during the third quarter of 2001 was relatively well balanced between general excise and use tax (GET) revenues and revenues from individual income tax. GET revenue expanded by 1.5 percent from the third quarter of 2000 to the third quarter 2001 (Table C-3). This followed

a 10.8 percent growth in 2000 over 1999. During this period, net individual income tax revenue grew by 1.2 percent, following 2.5 percent growth in 2000 (Table C-4). Net individual income tax revenue consists of several components. Growth occurred in spite of decreases of 3.8 percent in declarations of estimated taxes (Table C-5) and 12.7 percent in payments with returns (Table C-6) and an increase of 2.2 percent in refunds (Table C-8). These negative elements were offset by a gain in the largest component, withholding tax on wages, 2.7 percent (Table C-7).

Net corporate income tax revenue increased by 12.4 percent in the third quarter of 2001 compared to the year-earlier quarter (Table C-9). This increase is in spite of a 7.0 percent decrease in the largest category, declaration of estimated taxes. Payment with returns increase 55.5 percent and refunds declined 16.0 percent.

Transient Accommodations Tax (TAT) revenue grew by 7.0 percent in the third quarter (Table C-13). This increase occurred while the average daily visitor census was down by 6.7 percent for the same quarter (Table D-1). Since July 1, 2000, the TAT has accrued to the General Fund rather than the Convention Center Fund. This change is partly responsible for the more robust growth rates seen during the 2001 fiscal year compared to the current fiscal year.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
1998	1 Qtr.	375,018	247,815	10,592	714,466
	2 Qtr.	348,955	291,713	30,408	743,003
	3 Qtr.	360,313	283,430	15,479	738,957
	4 Qtr.	352,368	270,283	-6,368	692,866
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,266
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
1998	1 Qtr.	2.7	9.0	-41.3	3.7
	2 Qtr.	-4.8	36.7	-5.9	9.9
	3 Qtr.	1.1	5.1	46.1	4.9
	4 Qtr.	2.2	-1.5	-18.3	0.9
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment
1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.
Individual income tax rates changed effective January 1, 1999.
2/ Declaration of estimated taxes, plus payments with returns, less refunds.
Source: Hawaii State Department of Taxation.

D. TOURISM

Economic activity in the visitor industry declined again in the third quarter of 2001. Both the number of visitor arrivals and the average daily visitor census decreased from the third quarter 2000. As a result, hotel occupancy rates also dropped.

The number of visitor arriving by air decreased by 9.7 percent from the third quarter of 2000 to the third quarter of 2001 (Table D-2). This was the largest quarterly decline in total visitor arrivals since the first quarter of 1991.

Looking at where the flights originated, the number of travelers on domestic flights declined by 6.6 percent and the number on international flights fell by 15.2 percent (Tables D-3 and D-4).

Considering visitors from various major market areas, the greatest absolute and relative decrease was in Japanese visitor arrivals which decreased by about 60,000 or 13.3 percent from third quarter 2000 to the third quarter 2001 (Table D-7). While this decrease was certainly accelerated by the events of September 11th, it was already in progress as a result of the recession in the Japanese economy and the weakening Yen.

From the two domestic markets, visitors from the U.S. West declined by 3.1 percent (Table D-5) while U.S. East visitor arrivals fell by 8.9 percent over the period (Table D-6).

Average daily census numbers were also down by 6.7 percent in the third quarter (Table D-8). By flight direction, average daily visitor census for domestic visitors was down 5.6 percent and it was down 9.9 percent for international visitors (Tables D-9 and D-10). The average daily census reflects both arrivals and length of stay. Average length of stay increased somewhat for both domestic and international visitors.

Hotel occupancy rates also dropped, decreasing from 78.0 percent in the third quarter of 2000 to 70.6 percent in the third quarter of 2001 (Table D-11). This drop in occupancy is to be expected when arrivals and visitor census decline.

Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,594	4,446,936	2,501,659	168,277	123,780	44,497
1998 1 Qtr.	1,668,494	973,221	695,273	168,313	117,377	50,936
2 Qtr.	1,616,987	1,035,106	581,881	148,818	110,319	38,499
3 Qtr.	1,724,849	1,040,587	684,262	158,423	111,721	46,701
4 Qtr.	1,585,460	965,226	620,234	154,146	108,952	45,193
1999 1 Qtr.	1,688,751	1,021,745	667,006	174,588	120,018	54,570
2 Qtr.	1,615,842	1,058,106	557,736	151,621	112,905	38,716
3 Qtr.	1,799,719	1,132,114	667,605	169,672	121,730	47,942
4 Qtr.	1,636,726	1,043,657	593,069	161,956	117,326	44,630
2000 1 Qtr.	1,720,922	1,070,247	650,675	172,248	124,638	47,610
2 Qtr.	1,739,432	1,165,262	574,171	164,915	125,173	39,742
3 Qtr.	1,818,701	1,159,909	658,792	171,445	126,075	45,370
4 Qtr.	1,669,539	1,051,518	618,021	162,677	117,911	44,766
2001 1 Qtr.	1,723,659	1,079,762	643,897	177,763	126,539	51,225
2 Qtr.	1,685,391	1,129,685	555,706	161,193	120,800	40,393
3 Qtr.	1,642,014	1,083,222	558,792	159,938	119,044	40,895
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.3	4.9	-4.2
1998 1 Qtr.	-2.1	2.2	-7.5	5.6	9.4	-2.4
2 Qtr.	0.0	7.1	-10.5	-2.3	2.5	-13.8
3 Qtr.	-4.1	1.9	-12.0	-4.2	-0.7	-11.6
4 Qtr.	-3.4	1.6	-10.3	1.6	4.1	-3.8
1999 1 Qtr.	1.2	5.0	-4.1	3.7	2.3	7.1
2 Qtr.	-0.1	2.2	-4.1	1.9	2.3	0.6
3 Qtr.	4.3	8.8	-2.4	7.1	9.0	2.7
4 Qtr.	3.2	8.1	-4.4	5.1	7.7	-1.2
2000 1 Qtr.	1.9	4.7	-2.4	-1.3	3.8	-12.8
2 Qtr.	7.6	10.1	2.9	8.8	10.9	2.6
3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.3
2001 1 Qtr.	0.2	0.9	-1.0	3.2	1.5	7.6
2 Qtr.	-3.1	-3.1	-3.2	-2.3	-3.5	1.6
3 Qtr.	-9.7	-6.6	-15.2	-6.7	-5.6	-9.9

Note: 2000 data were revised by Hawaii State Department of Business, Economic Development & Tourism.

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development & Tourism.

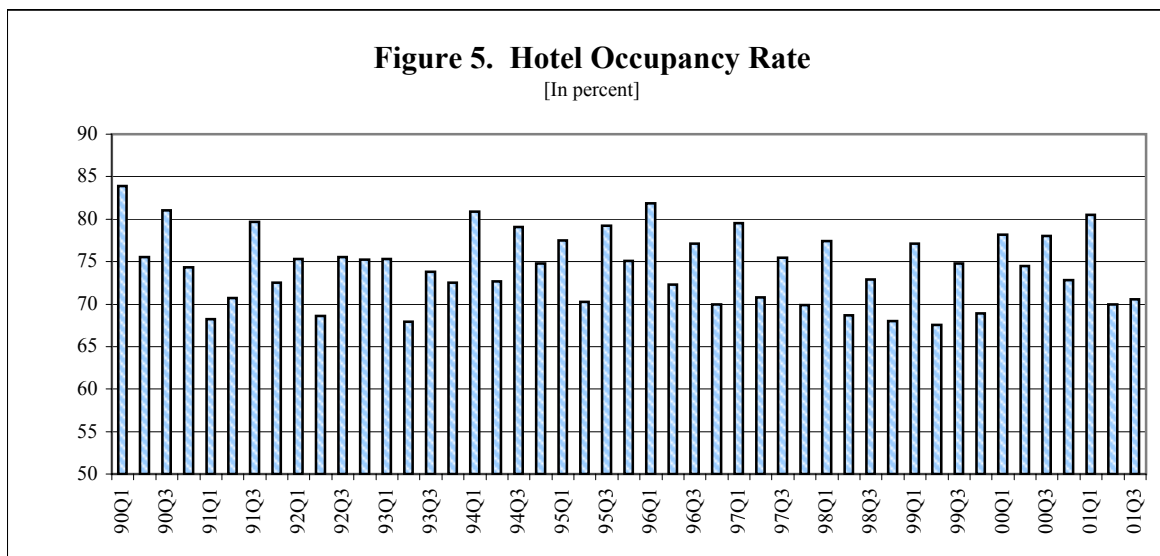
Table D-11. HOTEL OCCUPANCY RATE

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	78.0	72.8	76.0
2001	80.5	70.0	70.6	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages for February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC



E. CONSTRUCTION

Construction industry activity in the third quarter decreased slightly from last year's third quarter level. Both the contracting tax base (a measure of construction put in place) and government contracts awarded are both down from one year ago. Information is not yet available to calculate statewide private building authorizations.

The contracting tax base, the activity subject to the general excise tax, decreased by .2 percent from the third quarter of 2000 to the third quarter of 2001 (Table E-1). The contracting tax base is a proxy for completed construction. This measure grew by almost 21 percent in 2000.

Construction jobs also decreased in the third quarter as compared to 2000. Construction jobs declined 3.1 percent from the third quarter of 2000 to the third quarter of 2001 (Table 1). Construction jobs continued to grow in Hawaii County (14.8 percent, Table 3) and held steady in Kauai County (0.0 percent, Table 5). Construction jobs fell 6.5 percent in Honolulu (Table 2) and declined 1.8 percent on Maui (Table 4).

Private building permit authorizations, a measure of prospective construction activity, showed positive growth in Hawaii County and the City and County of Honolulu, expanding by 86.4 percent and 4.3 percent respectively. Private authorization decreased on Kauai by 23.0 percent in the third quarter of 2001 from the year-earlier quarter (Table E-6). Data for Maui County are not available for the third quarter of 2001.

Government contracts awarded are down significantly from last year, decreasing 72.1 percent from the third quarter of 2000 to the third quarter of 2001 (Table E-1). State Capital Improvement Projects (CIP) were up last quarter by 12.9 percent (Table E-11).

The Honolulu Construction Cost Index for Single Family Residences increased by 5.2 percent over the third quarter of 2000 (Table E-4). The comparable index for high-rise buildings rose by 5.1 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
1997 1 Qtr.	685.9	258.9	88.4	72.8	97.8	181.8
2 Qtr.	777.1	425.6	220.8	93.6	111.9	121.6
3 Qtr.	734.1	266.0	132.8	46.8	86.3	200.9
4 Qtr.	747.3	228.7	100.5	51.3	76.2	111.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	360.7	184.5	96.6	79.6	178.0
2 Qtr.	918.4	410.8	221.5	77.9	111.5	175.7
3 Qtr.	893.2	(NA)	(NA)	(NA)	(NA)	113.1

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data only.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
1997 1 Qtr.	-16.8	-7.7	-25.3	-7.2	16.8	-43.1
2 Qtr.	-4.6	58.7	122.5	49.8	5.0	55.9
3 Qtr.	-12.5	-24.5	-25.3	-27.7	-21.4	-37.9
4 Qtr.	-7.5	5.8	10.1	8.7	-5.8	-32.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	2.5	-9.2	57.6	-8.8	-18.0
2 Qtr.	5.7	4.6	13.6	6.9	-10.9	81.9
3 Qtr.	-0.2	(NA)	(NA)	(NA)	(NA)	-72.1

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

F. OTHER INDICATORS

Bankruptcy filings increased again in the third quarter of 2001. This was the third straight increase after 7 quarters of decline during 1999 and 2000. Both Chapter 7 and Chapter 13 filings rose, and Chapter 11 filings decreased.

The total number of bankruptcy filings increased by almost 200 or by 19.7 percent in the third quarter 2001 compared to the third quarter of 2000 (Table F-1). Like the increases in the first and second quarters, this may be related to a pending change in federal bankruptcy law that will impose stricter terms on debtors.

The largest percentage increase was in Chapter 7 filings which rose by 21.3 percent in the third quarter. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start.

Chapter 13 filings also increased in the third quarter of 2001 over the third quarter of 2000. Chapter 13 bankruptcy allows debtors to workout repayment arrangements with creditors. The number of Chapter 13 filings rose by 10.6 percent.

Chapter 11 filings declined from 12 filings in the third quarter of 2000 to 11 filings in the third quarter of 2001. Chapter 11 filings involve the structuring of repayment plans for companies.

The increase in Hawaii bankruptcy filings is similar to the increase in filings for the nation as a whole. U.S. bankruptcy filings increased 16 percent from the third quarter of 2000 through the third quarter 2001. Quarterly U.S. bankruptcy statistics can be found at:

http://www.uscourts.gov/Press_Releases/601bk.pdf.

Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)

